

Memorandum

Date: January 28, 2002
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To: Arthur H. Rosenfeld, Presiding Member
Robert A. Laurie, Associate Member

From: California Energy Commission
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Matt Trask, Project Manager

Subject: **CENTRAL VALLEY ENERGY CENTER ISSUE IDENTIFICATION REPORT**

Attached is the staff's Issue Identification Report. This report serves as a preliminary scoping document as it identifies the issues the Energy Commission staff believe will require careful attention and consideration. Energy Commission staff will present the Issues Report at a scheduled Information Hearing on February 7, 2002, at approximately 5 p.m. in the San Joaquin Community Center, 22058 Railroad Avenue, in San Joaquin, California.

Part of this report deals with scheduling issues. The Energy Commission is reviewing the Central Valley Energy Center pursuant to a 6-month Application for Certification (AFC) review process.

Attachments

cc: Proof of Service List
Central Valley RWQCB
San Joaquin Valley Air Pollution Control District
USFWS
CDFG

ISSUE IDENTIFICATION REPORT
CENTRAL VALLEY ENERGY CENTER
(01-AFC-22)

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CENTRAL VALLEY ENERGY CENTER ISSUE IDENTIFICATION REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. Issues are identified as a result of discussions with federal, state, and local agencies, and our review of the Central Valley Energy Center Application for Certification (AFC), Docket Number 01-AFC-22. This Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of potential issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On October 31, 2001, the Central Valley Energy Center LLC (CAVE LLC, or Applicant) filed an Application for Certification (AFC) seeking approval from the California Energy Commission to construct and operate a natural gas-fired combustion turbine electric generating facility on an 85-acre parcel within the City of San Joaquin in Fresno County, California. The new combined cycle facility is expected to generate 1,060-megawatt (MW) under nominal conditions.

The generating facility would consist of three combustion turbine generators (CTGs) equipped with dry, low oxides of nitrogen (NOx) combustors and steam injection power augmentation capability; three heat recovery steam generators (HRSG) with duct burners; one condensing steam turbine generator (ST); a departing surface condenser; a mechanical-draft cooling tower; and associated support equipment. The project would also include a 230-kilovolt (kV) switchyard, approximately 1,500 feet of new 230-kV transmission line, approximately 20 miles of new 24-inch diameter natural gas pipeline, approximately 21 miles of 27-inch diameter pipeline for reclaimed water supply, an approximately 1.0-mile-long pipeline for domestic water supply to the plant, and an approximately 2.5-mile long sanitary sewer line. The cooling water supply for the project would be reclaimed water drawn from a mound under the settling basins of the Fresno-Clovis Wastewater Treatment Facility (WAFT) approximately 20 miles northeast of the project site. The City of San Joaquin would provide domestic water for drinking, showers, sinks and general sanitary purposes from its municipal system.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. This report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report was based on our judgement of whether any of the following circumstances would occur:

- The project may directly or indirectly cause significant impacts that may be difficult to mitigate;

- The project as proposed may not comply with applicable laws, ordinances, regulations or standards (LORS);
- Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Commission decision that could result in a delay to the schedule.

The following table lists all the subject areas evaluated and notes those areas where significant issues have been identified and if data requests have been requested. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area. For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, we do not currently believe such an issue will have an impact on the case schedule or that resolution will be difficult.

Major Issue	Data Req.	Subject Area	Major Issue	Data Req.	Subject Area
No	Yes	Air Quality	No	No	Public Health
Yes	Yes	Biological Resources	Yes	Yes	Socioeconomics/EJ
No	Yes	Cultural Resources	No	Yes	Traffic & Transportation
No	No	Reliability/Efficiency	No	No	Transmission Safety
No	No	Facility Design	No	Yes	Transmission Sys. Eng.
No	No	Geological Resources	Yes	Yes	Visual
No	No	Hazardous Material	No	Yes	Waste Management
No	Yes	Land Use	No	Yes	Water & Soil
No	No	Noise	No	No	Worker safety

BIOLOGICAL RESOURCES

Two critical biological resources issues may affect the timing and possible outcome of the AFC process for the Central Valley Energy Center Project.

USFWS CONSULTATION

In accordance with Section 7 of the federal Endangered Species Act [16 U.S.C. 1536 (c)], the applicant has submitted a Draft Biological Assessment (BA) to evaluate the project's potential to affect any federally listed species. The U.S. Fish and Wildlife Service (USFWS) is in the process of determining if the project could result in a potential take of listed species or critical habitat and, therefore, require issuance of a Biological Opinion (formal consultation), or if the project would not result in take and, therefore, be handled through the informal consultation process (no Biological Opinion required). The USFWS has provided a letter to the Energy Commission (USFWS, January 7, 2002) indicating that a determination will be provided by March 25, 2002 regardless of whether the project is handled through the formal or the informal consultation process. Meeting this date is essential to avoid delays in the review process.

If by March 25, 2002, the USFWS does not provide a Biological Opinion or a letter stating that the project will be handled through the informal consultation process, the review and final analysis could be delayed.

USACOE PERMIT AND CDFG STREAMBED ALTERATION AGREEMENT

The applicant has indicated that “any wetlands crossed by the project linears would be avoided by trenchless technologies, or crossed in compliance with conditions specified by a Section 404 permit and Streambed Alteration Agreement, as appropriate” (p. 2, Draft Biological Assessment, Calpine, December 2001). The wetland areas identified include the California Aqueduct property, James Bypass, and Fresno Slough. The applicant has also indicated that “the project site and all the linear features are crossed, bordered or paralleled by irrigation ditches. These ditches both supply water to fields, and drain tail water back to detention basins or to the canals and sloughs that lead to the Mendota Wildlife area, and from there, to the San Joaquin River. Irrigation ditches are of all sizes - from the 100-foot-wide California aqueduct to 3-foot wide ditches cut by the farmer’s plow. The ditches are generally kept clear of aquatic and riparian vegetation, and rarely support fish because all but larger ditches are seasonally dry. Because of insufficient information, staff is unclear whether any of the aforementioned ditches, irrigation canals, and drainage’s (other than the California Aqueduct, James Bypass, and Fresno Slough) are considered jurisdictional areas (under Corps jurisdiction), or by CDFG. Thus it is not clear if a Corps permit and/or a SAA would be required by the USACOE and CDFG, respectively.

If a Corps permit and/or a SAA is required and not obtained by March 25, 2002, the CEC staff review and final analysis could be delayed.

ENVIRONMENTAL JUSTICE

Based on Census 2000, the minority population percentage within a six-mile radius of the proposed power plant is greater than 50 percent. Therefore, staff will conduct a focused environmental justice evaluation to determine whether a significant, adverse environmental impact affects the population in these census blocks. If a significant impact is identified, such as in air quality, staff will recommend appropriate local mitigation. If the impact cannot be mitigated to less than significant, staff will determine if the impact disproportionately affects the minority population.

VISUAL RESOURCES

The applicant has proposed a landscape plan to mitigate the visual impact of the power plant. However, the landscaping would not mitigate the visual impact identified by the applicant for at least five years, and potentially as much as 20 years. Staff intends to work with the applicant to ensure that significant visual impacts are mitigated to the extent possible.

Additionally there is the potential for significant visible plumes from the cooling tower, which will require mitigation. Staff has not yet received the additional information required to complete a plume analysis.

SCHEDULING ISSUES

Staff has begun its analyses of the project and is currently in the discovery phase, as well as its assessment of other environmental and engineering aspects of the applicant's proposal.

Following is staff's proposed 6-month schedule for key events of the project. The ability of staff to be expeditious in meeting this schedule will depend on the applicant's timely response to: staff's data requests, the filing of Determination of Compliance from the air district, biological resources determinations from the USFWS, USACOE, and CDF&G and other factors not yet discovered.

**Energy Commission Staff's Proposed Schedule
For the Central Valley Energy Center Project**

(2001) Day -26	October 31 (Friday)	Application filed
(2002) Day -1	January 8 (Tuesday)	Staff recommendation on DA
(2002) Day 0	January 9 (Wednesday)	CEC determines Data Adequacy
Day 15	January 24 (Thursday)	Staff files Data Requests
Day 19	January 28 (Monday)	Staff files Issue Identification Report
Day 29	February 7 (Thursday)	Information Hearing & Site Visit
Day 47	February 25 (Monday)	Applicant files data responses
Day 57	March 7 (Thursday)	Workshop on Issues, & Data Responses
Day 61	March 11 (Monday)	Local, state agencies file Prelim Determinations
Day 75	March 25 (Monday)	USFWS files Draft BO or statement that informal consultation is appropriate
Day 75	March 25 (Monday)	Staff Assessment
Day 90	April 9 (Tuesday)	Staff Assessment workshop
Day 100	April 19 (Friday)	Local, state, federal, file Final Determinations.
Day 110	April 29 (Monday)	Staff Assessment Addendum
Day 120	May 9 (Thursday)	Evidentiary Hearing
Day 145	June 3 (Monday)	PMPD
Day 160	June 18 (Tuesday)	Close of comment period on PMPD
Day 180	July 8 (Monday)	Decision